



Director of
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SITUATION REPORTS

IRAN

The security situation in Iran is deteriorating rapidly. Iranian press reports indicate that there have been clashes in Tehran, Tabriz and Qazvin between forces loyal to the Bazargan government and various opponents.

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//The attack on the US Embassy yesterday was the work of a radical leftist terrorist group, the Chariks, according to fragmentary reports. They have denied responsibility but the sophistication of the operation suggests they were involved. Prime Minister Bazargan told the British Ambassador that the attack was clearly aimed at undermining the authority of his government, but he did not identify the attackers.//

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[redacted] reported considerable fighting in the capital yesterday; at one point, Tehran radio briefly reported that it was under attack and appealed to Ayatollah Khomeini's forces to defend it. In Tabriz, the government radio station reported fighting between Khomeini supporters and former employees of the security forces and other alleged monarchists.

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In addition to coping with the breakdown in security, the Bazargan government will test its ability to restart the economy on Saturday, when both Khomeini and Bazargan have called on workers to return to their jobs and end their "strikes, resistance, and deprivations."

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In the critical oil sector, however, the new government is likely to have great difficulty resuming production for export because of the resistance of entrenched radical leftists. Some workers--particularly in the public sector--have grown accustomed to receiving paychecks without doing any work. Others will be forced out of their jobs because of curtailed operations or be forced out of business entirely following months of fuel shortages, bank closures, and non-delivery of essential imported goods.

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ALERT MEMORANDUM

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CHINA-VIETNAM-USSR

[Redacted]

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We continue to believe that from a military viewpoint the Chinese could attack at any time. Moreover, with the return of Vice Premier (and Chief of Staff) Deng Xiaoping to China, some political restraints deriving from his presence in the US and Japan have now been removed.

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There remain political, economic, and military arguments against an attack. The Chinese must consider US and Japanese advice to exercise restraint, possible Soviet reaction, the demonstrated ability of the Pol Pot forces to bleed Vietnam in Kampuchea without direct Chinese intervention, as well as the impact of major fighting on Beijing's cherished modernization campaign. Moreover, Chinese forces have not engaged in extended combat since 1953 and may not be fully efficient. In the past week, a number of Chinese officials have adduced some of these factors as reasons for China not to strike against Vietnam, and some of these officials appeared to be speaking on foreign ministry guidance. Nevertheless, Deng Xiaoping himself has repeatedly stated in public and in private that Vietnam must be "taught a lesson," and this theme was echoed in a Chinese response to a US demarche in Beijing on 10 February, which cautioned against Chinese military action.

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[Redacted]

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[REDACTED] On balance we believe there is about a 60 percent chance that the Chinese will in fact attack in response to real or contrived provocation. [REDACTED]

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The size of the buildup on the border suggests if the Chinese attack it would be on a scope larger than we had originally thought likely--a brief and shallow incursion. The Chinese have a wide range of options open to them, beginning with a limited cross-border attack designed to inflict heavy casualties on Vietnamese border defense forces. One likely option would be to rout the border forces and drive far enough into Vietnam to threaten but not actually attack Hanoi, with a view to withdrawal after several weeks. We cannot exclude an attack on the capital itself, but we think this unlikely for both political and military reasons (the Chinese probably could not achieve air superiority in the vicinity of Hanoi). [REDACTED]

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We continue to believe that the eventual Soviet choice in reacting to any Chinese attack on Vietnam will be contingent on the extent and severity of the Chinese action and its political effects. In response to relatively small-scale and shallow Chinese attacks, the Soviets are likely to restrict their active response to Vietnam proper, consulting under the Treaty, making conspicuous deliveries of military assistance, and probably issuing strong warnings. Against Chinese attacks in the middle range--which went so far as to begin to threaten Hanoi--the Soviets would increase their aid in Vietnam but might in addition mount military demonstrations on the Sino-Soviet border, seize islands in the border rivers, or even make quick small raids across the frontier, all of which they could do without reinforcements.

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A severe dilemma would confront them in the event of a massive, direct Chinese attack on Hanoi, the least likely Chinese option. Against such a contingency, the above Soviet measures would not relieve the postulated threat to Vietnam and would be perceived by world opinion as a Soviet failure of nerve. Even in these extreme circumstances, the Soviets would wish to avoid large-scale cross-border ground operations to any substantial depth that would risk enmeshing the USSR in protracting fighting inside China and might instead consider air attacks.

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In any event, the Soviets continue to be careful not to commit themselves in advance to any particular course of action. An authoritative *Pravda* article of 10 February on the Chinese buildup was notable for its failure to mention the Soviet-Vietnamese treaty or to allude to the possibility of a Soviet response if the Chinese attacked Vietnam.

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BRIEFS AND COMMENTS

AFGHANISTAN: Death of Ambassador Dubs

The killing of Ambassador Dubs yesterday appears to have been incidental to a continuing conflict in Afghanistan between the Soviet-backed regime and its conservative Muslim opponents.

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So far, we have no information linking the four terrorists--now all presumably dead--with a larger dissident organization, and we cannot identify the persons the terrorists demanded be freed in exchange for the Ambassador's life. The Muslim Brotherhood claimed responsibility for several assassinations and acts of sabotage last year. At least two Pakistani-based dissident groups are said to support continuing unrest by Muslim tribesmen in several parts of the country.

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The Afghan Government describes the kidnappers as "anarchists" and asserts that the individuals whose release was sought were not under detention. These individuals may, however, have been among the approximately 150 Muslim leaders who were rounded up earlier this month.

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The government's refusal to prolong negotiations with the terrorists and its decision to ignore US pleas to avoid precipitate action may have been intended as a warning to the many opponents of the regime. The police chief, the Deputy Prime Minister, and Foreign Minister Hafizullah Amin all refused to talk with Embassy personnel throughout the episode.

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VIETNAM: Oil Exploration Renewed

Offshore oil exploration in Vietnam has resumed after a four-year hiatus. Exploration conducted by US firms in late 1974 indicated commercially exploitable oil, but drilling halted with the collapse of South Vietnam in April 1975. Vietnam hopes oil revenues will boost the country's dismal post-1975 economic performance and give Hanoi some foreign policy flexibility.

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A group of Canadian companies will probably complete its first well in the South China Sea, 200 miles south of Ho Chi Minh City, in three weeks. West German and Italian firms are likely to begin drilling soon. Hanoi would like US firms to participate, but US law prohibits it.

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Some industry sources believe potential oil reserves could eventually lead to a production capacity of 500,000 to 1 million barrels per day. Available data do not as yet support this high a level. Even small amounts of exportable oil could have an impact on Vietnam's economy within several years. If large amounts are discovered, Vietnam over the longer run would be able to finance a major share of its economic development and reduce its dependence on the USSR.

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PORTUGAL: Budget Vote

Prime Minister Mota Pinto's budget may squeak by in Parliament today, but the political parties have been angered by his insensitive tactics; pressures to oust him will continue to grow. [redacted]

Since taking office last December as a prime minister independent of any political party, Mota Pinto has upset the parties by his determination to move forcefully on unpopular economic issues and by his abrasive style. The budget controversy seems more a reflection of the parties' political disenchantment than of their objections to the Prime Minister's economic policies. [redacted]

Only the Center Democrats seem committed to vote for the budget, which means that Mota Pinto must win support at least from the Social Democrats to achieve the necessary simple majority. [redacted]

//The Social Democrats are torn between the hardline opposition of their party leader, Sa Carneiro, and moderates, who are sympathetic to the Prime Minister.

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Even if Mota Pinto survives the budget vote, his reprieve may be short-lived. As lower real wages, higher taxes, and reduced government services take their toll among lower income groups, both the Socialists and Social Democrats will see greater political advantage in opposing him. The temptation to replace Mota Pinto with a more innocuous government until after the regular election in 1980 may become difficult to resist. [redacted]

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UGANDA: Domestic Unrest

President Amin evidently is coming under increased domestic pressure as Tanzania moves its forces farther into Uganda. [redacted]

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[redacted] officers of Sudanese origin--the nucleus of Amin's power base in the army--told Amin recently they want to quit and go home. This and other reports of disaffection in the Ugandan Army may have been triggered by a meeting of military personnel in Kampala late last week. Amin evidently has smoothed over his immediate problems with the officers, but they may become less cooperative if conditions continue to worsen. Uganda's renewed appeal this week to the UN for a Security Council discussion of the border situation reflects Amin's efforts to end the conflict without further loss of face. Despite Ugandan charges of partisanship by the US and the UK, the Ugandan Foreign Minister assured the diplomatic corps in Kampala that US and British citizens in Uganda are safe. [redacted]

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CHILE: Foreign Investment

Chile's economy is becoming increasingly attractive to foreign investors. A US firm recently organized a consortium of local and international companies to construct a \$130 million ethylene plant in southern Chile--the largest foreign investment in Chile since the Pinochet government took power in 1973. It nearly equals the \$150 million in direct investments recorded last year. Bank financing for the project has been committed, and construction could start within 90 days. The US firm is also eyeing investments in Chile's rapidly expanding forestry sector. [redacted]

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JAMAICA: Government Violence

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//Prime Minister Manley's government may be provoking violence to justify further strongarm measures against the increasingly effective opposition party. An eyewitness [redacted] alleged that the Jamaican police last week killed a "reformed" opposition thug who helped negotiate and enforce a year-long truce among armed political gangs in Kingston's slums. Manley's security minister has reportedly taken credit for the murder and has boasted that there will be more political killings. The respected Jamaican Council on Human Rights has cast doubt on the official version of the murder and has called for an independent investigation of 18 other police killings in the past two months.//

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SPECIAL ANALYSIS

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IRAN: An Assessment of the Left

The attack on the US Embassy in Tehran yesterday dramatically illustrated the growing power of the left in Iran. There is no one organization of the left and its leadership is largely anonymous. The leftists have long drawn much of their support from students and are usually highly dedicated. In some cases, they operate in well-organized clandestine groups. [Redacted]

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The left has been very active in recruiting workers in the oilfields. [Redacted]

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[Redacted] reports that radical left-wing groups have become firmly entrenched throughout the oilfields. [Redacted]

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Founded in 1971 as an outgrowth of earlier Marxist guerrilla organizations, the Chariks have long engaged in attacks on Iranian police stations and security personnel. [Redacted]

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In the early 1970s, the Chariks cooperated with the Islamic terrorist group known as the People's Strugglers or Mujahiddin, which is closely tied to Ayatollah Khomeini. [Redacted]

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The Chariks espouse a vague philosophy they call Islamic Marxism. They use a good deal of Marxist terminology but also stress their commitment to traditional Islamic religious principles. We have no information that the pro-Soviet Communist Tudeh Party is in contact with the Chariks but we do not rule out some clandestine communications. [Redacted]

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The Chariks have received training in the past from the Popular Front for the Liberation of Palestine and

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from South Yemen. The current extent of foreign support for the Chariks is unknown. [redacted]

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Late last year, the Chariks stepped up their attacks on police stations and SAVAK posts in widely separated parts of Iran. The terrorists were clearly prepared to capitalize on the confusion last weekend and they participated in several attacks on security positions, obtaining large amounts of arms in the process. [redacted]

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The Tudeh has markedly increased its activities in recent weeks. It staged its first demonstration on the streets of Tehran in many years on 21 January drawing about 5,000 people. Communists probably have cells on nearly all university campuses and they now compete openly with other groups for support. [redacted]

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Tudeh organizers have not appeared openly on any of the "workers' councils" that now exercise control in such key areas of the economy as the Central Bank. Unidentified leftists who may be party members, however, seem to provide leadership for some of the councils. [redacted]

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Policy statements from the Tudeh Party leaders in exile in East Germany suggest that a decision was taken several weeks ago that the party should become more aggressive in sponsoring activities independent of Khomeini's Islamic movement. The party has continued to stress cooperation in a "united front" but a statement issued in mid-January warned that the Islamic movement should not seek to dominate other groups. Starting on 13 January, the Tudeh specifically called for the people to begin an armed struggle. [redacted]

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The recent increase in Tudeh activities coincides with a change in party leadership. Iraj Eskandari, who had been first secretary since 1971, was replaced on 4 January by Nur-ed-Din Kianuri, formerly second secretary. Kianuri, who at 63 is one of the youngest Tudeh leaders, is said to be the foremost Tudeh theoretician. He is virtually unknown outside party circles. [redacted]

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The USSR has always been the Tudeh's principal patron. Given this close connection it can be assumed

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that Tudeh policies have at least tacit Soviet backing, but reporting on actual Soviet involvement is not extensive. [redacted]

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At the far left of the political spectrum is the Revolutionary Organization of the Tudeh Party, a Maoist offshoot that broke away from the official party in the late 1960s. This group--and possibly other Maoist organizations--is active among students in Europe and probably also in Iran. It views the official party as too conservative and does not eschew the use of revolutionary violence. [redacted]

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Other leftist groups are sprouting up rapidly:

[redacted]

- A new Marxist party called the Communist Party of Iran claiming 2,000 members was announced to the press on 6 February.
- Press reports yesterday mentioned the existence of a leftist terrorist group calling itself the "Red Dawn." [redacted]

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The collapse of SAVAK and other internal security forces in Iran has allowed the left to make considerable progress in organizing itself. The confusion of recent days and the widespread distribution of arms in the capital has enormously benefited various leftist forces, especially the Chariks. [redacted]

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The rapidly weakening cohesion of the Iranian military is also benefiting the left. The desertion rate continues to grow in the military and the command structure has been upset by the recent purges Khomeini has ordered. [redacted]

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Khomeini's own followers are disorganized and have clearly been unable to restore order to the capital. In some provincial capitals there appears to be a state of near anarchy. [redacted]

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At this stage the Chariks appear to pose the principal obstacle to restoring order. We anticipate further provocations by the Chariks aimed at weakening the Bazargan government; they can be expected to resist any attempt to disarm them. If the government delays forcing a confrontation with the Chariks, they are likely to grow stronger and their successful resistance to government authority would embolden other terrorist groups. The ultimate goal of the Chariks appears to be a leftist government. A Charik spokesman said yesterday the Chariks are "ready to fight against any regime that is not sufficiently progressive."

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